

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 DOE-11 SOE-02 EB-08 COME-00
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C O N F I D E N T I A L TEHRAN 2639

E.O. 11652: GDS
TAGS: ENGR BGEN IR
SUBJ: NIOC/CONSORTIUM NEGOTS

REF: 77 TEHRAN 8594

1. IN RESPONSE TO THE REQUEST MADE LAST SEPTEMBER BY NIOC (REFTEL), THE FIRST ROUND OF SUBSTANTIVE TALKS WERE HELD THIS MONTH IN TEHRAN BETWEEN NIOC AND THE CONSORTIUM OVER THE REVISION OF THE 1973 SALES AND PURCHASE AGREEMENT. A CONSORTIUM NEGOTIATING TEAM HEADED BY JOHN SUTCLIFFE OF BRITISH PETROLEUM BEGAN THEIR FORMAL DISCUSSIONS WITH NIOC ON MARCH 4 AND THEY DID NOT CONCLUDE UNTIL MARCH 14--FOUR DAYS LATER THAN HAD ORIGINALLY BEEN SCHEDULED.

2. ON THE NIOC SIDE, THE MEETINGS WERE CHAIRED BY EITHER MEHRAN OR NAJMABADI, THE 2 NEW DEP MANAGING DIRECTORS. THE AMERICAN MEMBERS OF THE CONSORTIUM TEAM TOLD US THAT THEY WERE GENERALLY ENCOURAGED BY THE SPIRIT OF THE DISCUSSIONS BUT THAT THERE HAD BEEN NO REAL NEGOTIATION OF SPECIFIC ISSUES. THEY ALSO SAID THAT MEHRAN AND NAJMABADI WERE CAPABLE, HAD DONE THEIR HOMEWORK REMARKABLY WELL CONSIDERING THE SHORT TIME THEY HAD TO PREPARE THEMSELVES, AND APPEARED
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TO COMPREHEND (AND TO A DEGREE PERHAPS APPRECIATE) THE RATIONALE OF WHY AND HOW THE CONSORTIUM FOUND SOME ASPECTS OF THE PRESENT SITUATION INEQUITABLE.

3. AS INDICATED ABOVE, THE FIRST ROUND WAS EXPLORATORY IN NATURE. THE TALKS WERE IMPORTANT NOT BECAUSE OF THE SUBSTANCE BUT BECAUSE THE CONSORTIUM WAS ABLE TO GET

TO KNOW, TO A DEGREE AT LEAST, HOW THE NEW NIOC TOP TEAM THINKS AND REACTS--AND VICE VERSA.

4. UPON THE COMPLETEION OF THE FIRST ROUND YESTERDAY, A BRIEF PRESS RELEASE WAS DISTRIBUTED WHICH SAID THAT THE LONG TERM RELATIONSHIP BETWEEN NIOC AND THE CONSORTIUM WAS REVIEWED AND QUOTE SIGNIFICANT PROGRESS WAS MADE IN SEVERAL AREAS END QUOTE. AN AMERICAN PARTICIPANT IN THE TALKS TOLD US THAT STATEMENT ABOUT SIGNIFICANT PROGRESS WAS ADDED AT NIOC BEHEST IN ORDER TO LEND SUBSTANCE TO ANSARY'S REPUTATION AS A DOER. IT DID NOT REALLY REFLECT THE TRUE FACTS WHICH ARE MORE ALONG THE LINES DESCRIBED ABOVE.

5. TALKS ARE SCHEDULED TO RESUME FOR TWO MORE WEEKS ON APRIL 15.
SULLIVAN

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